

Approved by:
ERC Resolution No. 78,
dated October 31, 2002

Contract No. _____

**On Purchase and Sale of Electricity
(between Wholesale Buyer (Vendor) and Distributor)**

" ____ " _____ 200 _____ City _____

(Name of the vending Company)

_____,
hereafter the "Vendor", represented by _____

(Position, first name, last name)

acting in compliance with the Charter of the Company, Operation License, the RoA
Legislation and other legal acts and documents on the one hand, and

_____,
(Name of the Company)

hereafter the "Buyer", represented by _____

(Position, first name, last name)

acting in compliance with the Charter of the Company, Operation License, the RoA
Legislation and other legal acts and documents on the other hand, hereafter mutually referred
to as "Parties", entered into this Contract regarding the following:

1. Definitions

Electric Energy System Operator

a service within the structure of the
Vendor, which provides dispatch
of the electric energy system, in
established procedures

Electric Distribution Network Operator of the Buyer (Distribution Operator)	a service within the structure of the Buyer, which provides dispatch of the electric distribution network, in established procedures
Delivery point	the point, where delivery of the electric energy from the Vendor to the Buyer takes place
Electric Energy Tariff	the price of 1 kWh of electricity delivered by the Vendor, approved by this Contract
Settlement month	a period started at _____ of the first day of the calendar month and ended at _____ of the first day of the next calendar month
Wholesale Buyer- Vendor	a legal entity implementing licensed activities in the electric energy sector , which is given an exclusive right by the operation License to carry out wholesale purchase of electric energy from the Generators (Importers) in the Wholesale Electricity Market and wholesale sale to the Distributor
Licensee Providing Settlements Center Services	a legal entity issued the operation license for provision of settlement center services in the power sector, which provides settlements center services to the licensees within the wholesale electricity market according to the contract provisions and in established procedures

2. Subject of the Contract

- 2.1. The Vendor sells and the Buyer purchases electricity in procedures defined by this Contract.
- 2.2. Commercial relationships between the Parties shall be regulated by the RoA Energy Law, the RoA legislation, other statutes and this Contract.

3. Tariffs for Electricity

- 3.1. The electricity tariff shall be set by the Energy Regulatory Commission of the Republic of Armenia (hereafter, the Commission).
- 3.2. In cases defined by the RoA Legislation, the electricity can be sold at the tariffs lower than those set by the Commission. In such cases the Parties shall set a contractual tariff (see Attachment), which becomes effective from the moment of its registration with the Commission
- 3.3. In the event that the RoA Commission changes the tariffs for electricity, the new tariffs shall become effective upon the date defined by the Commission. The Attachment of the Contract shall be changed, respectively.

4. Obligations of the Parties

- 4.1. The Vendor shall be obligated to perform the following:
 - 4.1.1. Ensure delivery of electricity to the Buyer in contracted amounts of electricity purchase specified in the Appendix No. 2 and within the capacity margins specified in Appendix 3 of this Contract.
 - 4.1.2. At each delivery point, to ensure the power supply reliability indicators set by the Parties in Appendix No. 3 of this Contract.
 - 4.1.3. Ensure that the quality of electricity at each balance sheet ownership separation point between the Transmitter (Generator) and the Buyer meet the contractual requirements to the quality of electricity, including frequency fluctuation within the range defined in the interstate standards of electricity quality (GOST 13109-97)
 - 4.1.4. In the event of electricity quality failures, to take all possible measures to eliminate them in the shortest time.
 - 4.1.5. In order to acquire the Buyer's consent, no later than 48 hours in advance, inform the Buyer about the deadlines of renovation works carried out on the Transmitter's (Generator's) installations, which may cause decrease of stability level or restrictions of electricity supply.

- 4.1.6. Immediately inform the Buyer about the energy and capacity emergency restrictions carried out in established procedures and their duration, due to urgent actions taken in order to eliminate the failures and accidents in the energy sector.
- 4.1.7. Immediately inform the Buyer about the restrictions of the electricity supply or disconnections of the customers, including those connected to the transmission or intra-station network.
- 4.1.8. Ensure the technical service and maintenance of the commercial meters installed in the Transmitter's (Generator's) electric installations (see Appendix 3) in compliance with effective procedures.
- 4.1.9. Ensure access to the Transmitter's (Generator's) premises for the authorized representative of the Buyer in procedures set by the Parties and coordinated with the Transmitter (Generator) for meter reading and implementing the necessary inspections according to the defined procedures.
- 4.1.10. Immediately inform the Buyer and the Licensee providing settlement services about any failures of the Transmitter's (Generator's) commercial meters and their circuits and undertake measures for the elimination of such failures within 24-hour period. The amount of electricity that is not metered during such periods shall be measured by the readings of control meters or, if they are out of order or absent, by the average daily consumption during the given month.
- 4.1.11. Immediately inform the Buyer and the Licensee providing settlement services about the breakages of seals placed by the Buyer on the commercial meters and their circuits of the Transmitter (Generator) and the reasons of breakage.
- 4.1.12. Each year, before 10 December, refer to the Buyer the coordinated amounts of declared electricity consumption and capacity limitations for the coming year.
- 4.1.13. Ensure due quality of dispatch services of the Operator and communication services provided to the Buyer, which are included into the tariff of the Vendor.
- 4.2. The Buyer shall be obligated to perform the following:
 - 4.2.1. Purchase the electricity delivered by the Vendor, in compliance with the contractual norms set forth in Appendix 2 of this Contract but not exceeding the capacity limitations specified in Appendix 3, with consideration of the amendments carried out in accordance with Item 4.2.3 of this Contract.
 - 4.2.2. Each year, before 1 October, forward for the Vendor's consent the amounts of electricity consumption for the coming year and the limits of the transmission capabilities of lines, pursuant to Appendixes 2 and 3 of this Contract.

- 4.2.3. Before the 20th day of each month, submit for the Vendor's consent the statement on changes in the amounts of electricity consumption for the coming year and the contracted capacities, if any changes are introduced to the contracted amounts of energy and capacity.
- 4.2.4. Coordinate in advance with the Operator the changes in the loads of lines feeding the distribution networks.
- 4.1.14. Immediately inform the Vendor and the Licensee providing settlement services about any failures of its commercial meters and their circuits and undertake measures for the elimination of such failures within 24-hour period. The amount of electricity that is not metered during such periods shall be measured by the readings of control meters or, if they are out of order or absent, by the average daily consumption during the given month.
- 4.2.5. Immediately inform the Vendor and the Licensee providing settlement services about the breakages of seals placed on its commercial meters and their circuits by the Vendor and the reasons of breakage.

5. Quantity Measurement

- 5.1. The electrical energy delivered to the Buyer at the delivery point is considered Quantity of Electricity Subject to Payment. The delivery points, the data on the installed commercial meters and information on limits of transmission capabilities of lines are provided in Appendix 3.
- 5.2. The metering of the electricity is carried out by the Licensee providing settlement services according to the "Electric Energy (Capacity) Metering Procedure", based on the Contract provisions.
- 5.3. The Licensee providing settlement services shall develop Electricity Delivery/Acceptance Act in the form specified in Appendix 5 and forward it for the Vendor's signature before the 8th day of the month next to the Settlement month.
- 5.4. In minimum load modes, when the operation of the metering devices becomes technically infeasible, the coordinated values of metering data of the electricity purchased by the Buyer shall be determined by the Parties and appended to this Contract.

6. Payment Procedures

- 6.1. The cost of electricity delivered by the Vendor shall be defined on the basis of the electricity tariff (Appendix 1) and the amount of electricity subject to payment.

- 6.2. The Buyer shall make payments to the Vendor in cash, in payment securities issued by the Vendor and the Generating Plant, which state that the Vendor and the Generating Plant committed to accept the security as a payment for the sold commodity and at the nominal value of securities of the other entity (entities) acceptable for the Vendor.
- 6.3. Based on the Delivery/Acceptance Act signed by the Parties, the Licensee providing settlement services shall develop the electricity sale-purchase invoices and before the 15th day of the month next to the Settlement month, forward it for the signatures of the Parties.
- 6.4. Based on the received invoices, before the 20th day of the month next to the Settlement Month, the Vendor shall give payment instructions to the Buyer on making payments from the special account opened in the selected bank in conformance with the Buyers License to the current account of Generators, the Transmitter, the Vendor and the Licensee providing settlement services.
- 6.5. Before the 25th day of the month next to the Settlement Month, the Buyer must perform the payments on the basis of the payment instructions forwarded by the Vendor.
- 6.6. Payments for the electricity (capacity) generated to fill in domestic market demand, as well as for transmission and Settlement Center services can be performed only from the Buyer's special account.
- 6.7. If there is a mutually beneficial agreement in writing (contract) between the Generator (Transmitter), the Buyer can perform non-monetary payments to the Generator (Transmitter) for the energy purchased (services rendered). Such transactions can be carried out without the consent or solicitation of the Vendor.

7. Parties Responsibilities

- 7.1. In case of non-accomplishment or inadequate accomplishment of contractual obligations, the Parties bear responsibility by this Contract and by the procedure defined by the RoA Legislation.
- 7.2. In case of interruption or restriction of electricity supply due to the Vendor's fault via each delivery point mentioned in Appendix 3 by the Vendor, if that interruption or restriction is not conditioned by the planned construction work implemented in compliance with the mutual agreed timeframe or by the force majeure events for the Vendor, The Vendor shall compensate the Buyer's damage, including omitted profit, if the interruption or restriction period exceeds in period defined by the electricity reliability indicators specified in the Appendix of this Contract.

- 7.3. Real losses suffered by the Buyer due to the wrong instructions given by the Operator being a part of the Vendor shall be subject to compensation by the Vendor.
- 7.4. Losses suffered by the Buyer due the wrong action or inaction of the Generator (transmitter) shall be subject to compensation by the Vendor.
- 7.5. Losses suffered by the Generator (transmitter) due the wrong action or inaction by the Buyer shall be subject to compensation by the Buyer.
- 7.6. Losses suffered by the Vendor due to the violation of quarterly contractual indicators of -/+ _____percent or more of electricity purchase shall be subject to compensation by the Buyer.
- 7.7. Penalties defined by this Contract cannot be applied or applied partially upon mutual agreement of the Parties.

8. Force Majeure

- 8.1. The Parties shall not be responsible for any failure in complying with their obligations under this Contract, if such failure is affected by emergencies and unpredictable events and circumstances including (without restriction) natural calamities, acts of God, such as floods, earthquakes, storms, sabotage, riots, public disorders, strikes that the Licensee cannot overcome in the given circumstances, which completely or partially hinder the accomplishment of Licensed Operation in opposition of the efforts of the Licensee to avoid, weaken or eliminate the influence of those forces.
- 8.2. The Parties shall inform each other of the above circumstances immediately, stressing the possible duration of liquidation of such event.

9. Additional Provisions

- 9.1. The Parties shall test and seal the commercial and the control metering equipment and their connection circuits testing, repair and calibration of which shall be implemented upon participation of the representatives of the parties and shall be documented by a bilateral protocol drafted in 2 identical copies (one for each Party).
- 9.2. The maintenance of the commercial and control meters shall be carried out by the Vendor (or it's authorized representative) or the Buyer, depending on who owns them.
- 9.3. The control and recording of electricity quality parameters shall be carried out in the following way:
 - a) Frequency shall be controlled by means of the frequency measurement

device installed at the Operator

b) Voltage shall be controlled by means of the metering equipment installed at the sale points (the list of such points is defined in Appendix.

9.4. The Operator shall approve the beginning and the end of the emergency situation and inform the Buyer's Operator about this.

9.5. The Buyer shall ensure that the electricity daily average capacity indicator at the electricity delivery points be not less than _____, and at night time not less than _____.

10. Settlement of Disputes

10.1. Whenever possible, the disputes concerning this Contract shall be resolved by negotiations between the Parties or, if necessary, the RoA ERC mediation in established procedures. The above item shall not limit the rights of the Parties to resolve the dispute in court.

11. Effective Period of the Contract

11.1. This Contract shall become effective from the moment of its registration at the RoA ERC and for the period up to _____ 200__.

11.2. The Contract shall be reviewed only upon the mutual consent of the Parties or cases defined by the law. The reviewed Contract shall become effective after registration at the ERC.

11.3. The Contract shall be drafted in three identical copies: one for each Party and one for the ERC.

12. Other Provisions

(to be completed by the Parties)

13. List of Appendixes, Integral Parts of this Contract

- Appendix 1. Agreement on Electricity Contractual Tariff
- Appendix 2. Agreement on Monthly Amounts of Delivery (Purchase) of Electricity
- Appendix 3. Agreement on Delivery Points, Commercial and Control Metering Devices and Limits of Transmission Capabilities of Lines
- Appendix 4. Act on Voltage Values at the Delivery Points
- Appendix 5. Monthly Electricity Delivery (Acceptance).

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14. Legal Addresses of the Parties and Account Numbers

BUYER

VENDOR

Address _____

Address _____

Account No _____

Account No _____

Telephone

Telephone

Fax

Fax

Number of Operation License

Number of Operation License

Manager

Manager

(Signature, first and second name)

(Signature first and second name)

Seal

Seal

RoA Energy Regulatory Commission

Registered: _____ 200_____

Seal

Registration No: _____

Responsible Person _____

(Signature, first name, last name)